

rants, Series 2003-B (the "Series 2003-B Warrants"). The Series 2003-B Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (the "Original Indenture"), between the County and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (the "Second Supplemental Indenture"), by a Third Supplemental Indenture dated as of March 1, 2001 (the "Third Supplemental Indenture"), by a Fourth Supplemental Indenture dated as of February 1, 2002 (the "Fourth Supplemental Indenture"), by a Fifth Supplemental Indenture dated as of September 1, 2002 (the "Fifth Supplemental Indenture"), by a Sixth Supplemental Indenture dated as of October 1, 2002 (the "Sixth Supplemental Indenture"), by a Seventh Supplemental Indenture dated as of November 1, 2002 (the "Seventh Supplemental Indenture"), by an Eighth Supplemental Indenture dated as of January 1, 2003 (the "Eighth Supplemental Indenture"), and by a Ninth Supplemental Indenture dated as of April 1, 2003 (the "Ninth Supplemental Indenture"). The County has heretofore issued under the Original Indenture, as supplemented and amended by the First, Second, Third, Fourth, Fifth, Sixth, Seventh and Eighth Supplemental Indentures, (i) \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, (ii) \$296,395,000 principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, (iii) \$952,695,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, (iv) \$275,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001, (v) \$110,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002, (vi) \$540,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002, (vii) \$839,500,000 principal amount of Sewer Revenue Refunding Warrants, Series 2002-C, dated October 25, 2002, (viii) \$475,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-D, dated November 1, 2002, and (ix) \$41,820,000 principal amount Sewer Revenue Refunding Warrant, Series 2003-A, dated January 9, 2003 (all of said warrants which are now outstanding being herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture and the Ninth Supplemental Indenture. Reference is hereby made to the Indenture for a more complete description of the rights of the owners of the Series 2003-B Warrants and of the Trustee and of the County with respect to the County's sanitary sewer system (herein called the "System") and the revenues therefrom, the terms and conditions upon which the Series 2003-B Warrants are issued, and the terms and conditions upon which any Additional Parity Securities may be issued under the Indenture. Each owner of this warrant, by the acceptance hereof, shall be deemed to assent to the provisions of the Indenture.

The County, the Trustee, JPMorgan Chase Bank, as Liquidity Agent, and \_\_\_\_\_  
(the "Bank") have entered into a Standby Warrant Purchase Agreement dated as of April 1, 2003, whereby, subject to the conditions specified therein, the Bank has agreed to

purchase any Series 2003-B Warrant of the subseries of which this warrant is a part that is not remarketed after a tender of such warrant for purchase pursuant to the optional or mandatory tender provisions of the Ninth Supplemental Indenture. Series 2003-B Warrants purchased by the Bank (referred to in the Ninth Supplemental Indenture as "Bank Warrants") bear interest at a separate interest rate applicable only to Bank Warrants, as provided in said Standby Purchase Agreement. **Upon the occurrence of certain events described in said Standby Purchase Agreement, the Bank's obligation to purchase Series 2003-B Warrants under said Standby Purchase Agreement will be terminated or suspended.** The Ninth Supplemental Indenture provides for delivery of an Alternate Liquidity Facility on the terms and conditions contained in the Indenture. The initial Standby Warrant Purchase Agreement and any Alternate Liquidity Facility delivered to the Trustee pursuant to the Indenture are herein referred to as the "Liquidity Facility".

Copies of the Indenture and the initial Standby Purchase Agreement are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the revenues pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of the Series 2003-B Warrants, the Trustee, the County and the Bank, and the terms upon which the Series 2003-B Warrants are, and are to be, authenticated and delivered.

\_\_\_\_\_ has been appointed pursuant to the Indenture as the initial Remarketing Agent for the subseries of the Series 2003-B Warrants of which this warrant is a part. The Indenture permits the County, with the consent of the Bank, to remove such Remarketing Agent and appoint a successor, subject to certain terms and conditions specified in the Indenture. The Indenture also permits the Remarketing Agent to resign without prior notice to Warrantholders.

The Trustee will serve as the initial Tender Agent under the Indenture until a successor is appointed in accordance with the terms of the Indenture.

### **Interest Rates**

Each Series 2003-B Warrant will bear interest to but not including the Fixed Rate Conversion Date at one of the following interest rates (each, an "Adjustable Rate"): a Commercial Paper Rate, an Auction Rate, a Daily Rate, a Weekly Rate or a Term Rate. Each Adjustable Rate (other than an Auction Rate) for each Calculation Period applicable to such Adjustable Rate shall be equal to the lesser of (i) 10% per annum (12% per annum in the case of the Term Rate) and (ii) the rate of interest per annum established and certified to the Trustee by the Remarketing Agent no later than 9:30 a.m. (New York City time) on and as of the first day of such Calculation Period as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such first day to remarket the Series 2003-B Warrants in a secondary market transaction at a price equal to the principal amount thereof plus accrued interest thereon, if any, except as otherwise provided in the Indenture. Anything in the Indenture to the contrary notwithstanding, in no event shall the interest rate borne by any Series 2003-B Warrant exceed the maximum rate allowable by applicable law. The term "Business Day" means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange or banks are authorized or obligated by law or executive

order to close in New York, New York, or any city in which is located the principal corporate trust office of the Trustee or the office of a Liquidity Provider at which demands for a payment under the Liquidity Facility will be made.

### **Commercial Paper Rate Periods**

During any Commercial Paper Rate Period, at or prior to 9:30 a.m. (New York City time) on the Determination Date for each Calculation Period, the Remarketing Agent shall determine the Calculation Period and related Commercial Paper Rate. In determining each such Calculation Period, the Remarketing Agent shall take into account factors set forth in the Indenture. The Remarketing Agent shall select the Calculation Period and the applicable Commercial Paper Rate that, together with all other Calculation Periods and related Commercial Paper Rates, in the sole judgment of the Remarketing Agent, will result in the lowest overall borrowing cost on the Series 2003-B Warrants being remarketed or are otherwise in the best financial interests of the County, as determined in consultation with the County. Any Calculation Period established under the Ninth Supplemental Indenture may not extend beyond the Fixed Rate Conversion Date, the expiration date of the then effective Liquidity Facility or the day prior to the maturity date of the Series 2003-B Warrants. The County may place limitations upon the establishment of such Calculation Periods in accordance with the Ninth Supplemental Indenture.

### **Calculation Periods**

As used in connection with the Series 2003-B Warrants, the term "Calculation Period" means (a) upon a Change in the Interest Rate Mode to the Commercial Paper Rate Mode, any period or periods during a Commercial Paper Rate Period, from and including a Business Day to and including any day not more than 270 days thereafter which is a day immediately preceding a Business Day established by the Remarketing Agent pursuant to the Indenture; (b) during any Daily Rate Period, the period from and including a Business Day to but not including the next succeeding Business Day; (c) during any Weekly Rate Period, the period from and including the effective date of the Change in the Interest Rate Mode to and including the following Wednesday (but not less than two days) and, thereafter, the period from and including the Thursday of each week to and including the following Wednesday; provided, however, that, if such Thursday is not a Business Day, the next succeeding Calculation Period shall begin on the Business Day next succeeding such Thursday and shall end on the day before the next succeeding Calculation Period; and (d) during any Term Rate Period, any period of not less than 270 days from and including a Business Day to and including any day (established by the County pursuant to the Indenture) not later than the day prior to the maturity date of the Series 2003-B Warrants.

### **Conversion of Interest Rate Modes**

Prior to the Fixed Rate Conversion Date, all or any portion of Series 2003-B Warrants shall cease to bear interest at the Adjustable Rate then borne by such warrants and shall bear interest at such different Adjustable Rate as shall be specified by the County, or, if so specified by the County,



the interest rate applicable to all Series 2003-B Warrants may be converted to a Fixed Rate specified in accordance with the terms and subject to the conditions set forth in the Ninth Supplemental Indenture.

If any condition to the establishment of a different Adjustable Rate or Rates is not met on any date, then the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2003-B Warrant shall continue to bear interest at the Adjustable Rate then borne by this Series 2003-B Warrant and be subject to all provisions of the Indenture applicable thereto while this Series 2003-B Warrant bears interest at such Adjustable Rate.

### **Fixed Rate**

On a Fixed Rate Conversion Date, the affected Series 2003-B Warrants shall cease to bear interest at the Adjustable Rate then borne by such Series 2003-B Warrants and shall bear interest at the Fixed Rate until maturity, upon the election by the County, to exercise its Option to Convert (as defined in the Ninth Supplemental Indenture). The Fixed Rate means the rate of interest per annum established and certified to the Trustee by the Remarketing Agent no later than 12:00 noon (New York City time) on and as of the Fixed Rate Conversion Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such date to remarket the affected Series 2003-B Warrants in a secondary market transaction at a price equal to the principal amount thereof, not to exceed 12% per annum. The Fixed Rate shall be established in accordance with the terms and subject to the conditions set forth in the Ninth Supplemental Indenture. Anything in the Indenture to the contrary notwithstanding, in no event shall the interest rate borne by any Series 2003-B Warrant exceed the maximum rate allowable by applicable law.

If any condition to the establishment of the Fixed Rate is not met on the proposed Fixed Rate Conversion Date, the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2003-B Warrant shall continue to bear interest at the Adjustable Rate then borne by this warrant and be subject to the provisions of the Indenture applicable while this Series 2003-B Warrant bears interest at such Adjustable Rate.

If Series 2003-B Warrants begin to bear interest at the Fixed Rate as provided above, the interest rate on such Series 2003-B Warrants may not thereafter be changed to an Adjustable Rate.

### **Optional Tender**

During any Daily Rate Period or Weekly Rate Period, any Series 2003-B Warrant or portion thereof in a principal amount equal to an authorized denomination (so long as the principal amount not purchased is an authorized denomination) shall be purchased upon the demand of the registered owner thereof, on any Business Day at a price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon delivery to the Tender Agent and the Remarketing Agent at their respective principal offices, by the close of business on any Business Day of a Notice of Election to Tender (the substance of which notice must also be given telephonically to the

Remarketing Agent prior to or simultaneously with the delivery of such written notice). The date on which such Series 2003-B Warrant shall be purchased shall, at the request of the registered owner, (i) if the Series 2003-B Warrant then bears interest at a Daily Rate, be the date of delivery of such notice if such notice is delivered to the Tender Agent and the Remarketing Agent by 11:00 a.m. (New York City time) on such date or may be any Business Day thereafter, and (ii) if the Series 2003-B Warrant then bears interest at a Weekly Rate, shall be a Business Day not prior to the 7th day next succeeding the date of the delivery of such notice to the Tender Agent and the Remarketing Agent.

### **Mandatory Tenders**

Change in the Interest Rate Mode. Upon a Change in the Interest Rate Mode (including, without limitation, a change to the Fixed Rate on the Fixed Rate Conversion Date), the Series 2003-B Warrants shall be subject to mandatory tender for purchase in accordance with the Ninth Supplemental Indenture on the effective date of such Change in the Interest Rate Mode, at a price equal to the principal amount thereof.

Business Day Following Calculation Periods. Series 2003-B Warrants bearing a Commercial Paper Rate or a Term Rate shall be subject to mandatory tender for purchase in accordance with the Ninth Supplemental Indenture on the Business Day immediately following each Calculation Period at a price equal to the principal amount thereof.

Expiration, Termination, Substitution or Amendment of any Liquidity Facility. Except as otherwise set forth in the last sentence of this paragraph, the Series 2003-B Warrants shall be subject to mandatory tender for purchase at a price equal to the principal amount thereof, (i) on the second Business Day immediately preceding the substitution of an Alternate Liquidity Facility for an existing Liquidity Facility or the effective date of a Liquidity Facility Amendment which results in a reduction or withdrawal of the short-term or long-term rating assigned to the Series 2003-B Warrants, as further described in Section 6.2(b) of the Ninth Supplemental Indenture, (ii) on the first anniversary of the Liquidity Provider's initial failure to maintain its rating (unless sooner restored) as specified in Section 6.2(c) of the Ninth Supplemental Indenture, and (iii) on the second Business Day immediately preceding the date of expiration or termination of any Liquidity Facility (other than a termination that results from an event that permits termination of such Liquidity Facility without notice), unless on or prior to the 45th day prior to such date of expiration or termination or the effective date of such Liquidity Facility Amendment or such first anniversary of the initial failure of the Liquidity Provider to maintain its short-term ratings the County has furnished to the Trustee (a) an agreement by the Liquidity Provider to extend such Liquidity Facility in the case of an expiration or (b) an Alternate Liquidity Facility in replacement of the expiring or terminating Liquidity Facility or the Liquidity Facility whose Liquidity Provider has so failed to maintain its short-term ratings, together with confirmation of ratings of the Series 2003-B Warrants in accordance with the Ninth Supplemental Indenture. No tender for purchase of any Series 2003-B Warrant as a result of the expiration, termination, substitution or amendment of the Liquidity Facility shall be required pursuant to the Ninth Supplemental Indenture if the Fixed Rate Conversion Date shall have occurred with respect

to such Series 2003-B Warrants on a date prior to such date of expiration, termination or substitution, or the effective date of a Liquidity Facility Amendment.

### **General Tender Provisions**

If interest has been paid on the Series 2003-B Warrants, or an amount sufficient to pay interest thereon has been deposited in the Debt Service Fund, or an amount sufficient to pay accrued interest thereon, if any, has been set aside in the Warrant Purchase Fund and the purchase price equal to the principal of, and premium, if any, on the Series 2003-B Warrants shall be available in the Warrant Purchase Fund for payment of Series 2003-B Warrants subject to tender for purchase pursuant to the Ninth Supplemental Indenture, and if a registered owner fails to deliver or does not properly deliver the Series 2003-B Warrants to the Tender Agent for which a Notice of Election to Tender has been properly filed or which are subject to mandatory tender for purchase on the purchase date therefor, such Series 2003-B Warrants shall nevertheless be deemed tendered and purchased on the date established for the purchase thereof, interest on such Series 2003-B Warrants shall cease to be payable to the former registered owners thereof from and after the date of purchase and such former registered owners shall have no rights under the Indenture as the registered owners of such Series 2003-B Warrants, except the right to receive the purchase price of and interest to the purchase date, if any, on such Series 2003-B Warrants upon delivery thereof to the Tender Agent in accordance with the provisions of the Ninth Supplemental Indenture. The payment of Series 2003-B Warrants tendered upon the election of the registered owner shall be subject to delivery of such Series 2003-B Warrants duly endorsed in blank for transfer or accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank for transfer at the principal office of the Tender Agent at or prior to 11:30 a.m. for Series 2003-B Warrants bearing interest at a Weekly Rate and 12:00 noon for Series 2003-B Warrants bearing interest at a Daily Rate (New York City time), on a specified purchase date. The Tender Agent may refuse to make payment with respect to any Series 2003-B Warrants tendered for purchase pursuant to the Ninth Supplemental Indenture not endorsed in blank or for which an instrument of transfer satisfactory to the Tender Agent has not been provided.

### **Redemption**

In the manner and with the effect provided in the Indenture, the Series 2003-B Warrants will be subject to redemption prior to Maturity as follows:

Optional Redemption. The Series 2003-B Warrants shall be subject to redemption at the option of the County:

(a) For any Commercial Paper Rate Period applicable to Series 2003-B Warrants, such warrants shall be subject to redemption (i) on each Interest Payment Date for such Commercial Paper Rate Period, as a whole or in part, at the principal amount thereof, and (ii) on any Business Day, as a whole or in part, at the principal amount thereof plus accrued interest, if any, to the date fixed for redemption.



(b) For any Daily Rate Period applicable to Series 2003-B Warrants, such warrants shall be subject to redemption on any Business Day, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(c) For any Weekly Rate Period applicable to Series 2003-B Warrants, such warrants shall be subject to redemption on any Business Day, as a whole or in part, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(d) For any Term Rate Period and after the Fixed Rate Conversion Date applicable to Series 2003-B Warrants, such warrants shall be subject to redemption in whole or in part on any Business Day on or after the tenth anniversary of the commencement of such Term Rate Period or the Fixed Rate Conversion Date, as the case may be. The redemption price shall be equal to the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

(e) The Series 2003-B-8 Warrants shall be subject to redemption, in whole or in part, from such maturity or maturities as shall be specified by the County, on February 1, 2010, and on any date thereafter, at the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

Scheduled Mandatory Redemption. The Series 2003-B-1 Warrants shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on February 1 (or, in the case of Auction Rate Warrants, if any such February 1 is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2009	\$ 3,875,000	2026	\$ 21,100,000
2010	4,025,000	2027	23,400,000
2011	4,175,000	2028	44,700,000
2012	4,350,000	2029	44,825,000
2013	4,525,000	2030	3,950,000
2014	4,675,000	2031	4,100,000
2015	4,850,000	2032	51,300,000
2016	5,025,000	2033	53,225,000
2017	5,250,000	2034	3,225,000
2018	5,450,000	2035	3,350,000
2019	21,125,000	2036	3,475,000
2020	27,200,000	2037	21,750,000
2021	26,675,000	2038	19,025,000
2022	12,725,000	2039	88,700,000
2023	14,250,000	2049	37,475,000
2024	15,900,000	2041	100,900,000
2025	7,750,000		

\$39,475,000 of the Series 2003-B-1 Warrants  
will be retired at Maturity

Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries from which Series 2003-B-1 Warrants are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts to be called for redemption from each thereof. In any such case, the particular Series 2003-B-1 Warrants (or portions thereof) within a given subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in the Ninth Supplemental Indenture, Series 2003-B-1 Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2003-B-1 Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Series 2003-B-1 Warrants scheduled for redemption on such date: (i) the principal amount of Series 2003-B-1 Warrants delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of Series 2003-B-1 Warrants previously redeemed (other than Series 2003-B-1 Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.



The Series 2003-B-2 through 2003-B-7 Warrants (herein called the "XLCA-Insured Warrants") shall be redeemed at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on February 1 (or, in the case of Auction Rate Warrants, if any such February 1 is not an Interest Payment Date, then on the first Interest Payment Date subsequent thereto) in years and principal amounts (after credit as provided below) as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2009	\$ 1,525,000	2026	\$ 8,225,000
2010	1,575,000	2027	9,100,000
2011	1,650,000	2028	17,400,000
2012	1,700,000	2029	17,425,000
2013	1,750,000	2030	1,525,000
2014	1,825,000	2031	1,575,000
2015	1,900,000	2032	19,925,000
2016	1,975,000	2033	20,675,000
2017	2,025,000	2034	1,250,000
2018	2,100,000	2035	1,300,000
2019	8,225,000	2036	1,350,000
2020	10,575,000	2037	8,450,000
2021	10,375,000	2038	7,375,000
2022	4,975,000	2039	34,475,000
2023	5,550,000	2040	14,550,000
2024	6,200,000	2041	39,225,000
2025	16,900,000		

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\$15,350,000 of the XLCA-Insured Warrants  
will be retired at Maturity

Not less than 60 days prior to each such scheduled mandatory redemption date, the County may specify the particular subseries from which XLCA-Insured Warrants are to be called for such redemption and (if more than one subseries is so specified) the respective principal amounts to be called for redemption from each thereof. In any such case, the particular XLCA-Insured Warrants (or portions thereof) within a given subseries to be called for redemption shall be selected by the Trustee by lot. If the County fails to make such a specification with respect to any scheduled mandatory redemption date, not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, as provided in the Ninth Supplemental Indenture, XLCA-Insured Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such XLCA-Insured Warrants or portions thereof for redemption on such scheduled mandatory redemption date. In any event the

County may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of XLCA-Insured Warrants scheduled for redemption on such date: (i) the principal amount of XLCA-Insured Warrants delivered by the County to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of XLCA-Insured Warrants previously redeemed (other than XLCA-Insured Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

Procedure for Redemption. In the event any of the Series 2003-B Warrants are called for redemption, the Trustee shall give notice of the redemption of such warrants, which notice shall specify the full title, including the subseries, if any, of the Series 2003-B Warrants, the redemption date, the place of redemption and the redemption price payable upon such redemption; that the interest on the Series 2003-B Warrants, or on the principal amount thereof to be redeemed, shall cease to accrue from and after such redemption date; and that on such date there will become due and payable on the Series 2003-B Warrants, the principal amount thereof to be redeemed and the interest accrued on such principal amount to the redemption date, if any, and the premium, if any, thereon. Each notice of redemption mailed to the Holder of a Series 2003-B Warrant to be redeemed shall, if less than the entire principal amount thereof is to be redeemed, also state the principal amount thereof and the distinctive numbers of the Series 2003-B Warrants to be redeemed and that such warrant must be surrendered to the Trustee in exchange for the payment of the principal amount thereof to be redeemed, premium, if any, thereon, and accrued interest, if any, thereon, and the issuance of a new Series 2003-B Warrant equaling in principal amount that portion of the principal amount not to be redeemed of the Series 2003-B Warrant to be surrendered.

Except as otherwise provided in the Ninth Supplemental Indenture, notice of redemption shall be given by mailing a copy of the redemption notice by first-class mail at least 30 days (15 days for Series 2003-B Warrants bearing interest at an Adjustable Rate) prior to the date fixed for redemption to the registered owners of the Series 2003-B Warrants to be redeemed at the addresses shown on the registration books maintained by the Trustee; provided, however, that failure to give notice to any Holder of a Series 2003-B Warrant, or any defects in such notice, shall not affect the proceedings for the redemption of the Series 2003-B Warrants for which notice has been given.

If at any time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2003-B Warrants called for redemption, such notice may state that it is conditional, that is, subject to the deposit of moneys sufficient for the redemption with the Trustee on or prior the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Under the Indenture, the Outstanding Parity Securities and the Series 2003-B Warrants are equally and ratably secured by a pledge of certain revenues from the System that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity

Securities and the Series 2003-B Warrants with respect to the pledge of the aforesaid revenues from the System.

The Indenture permits the amendment of the Series 2003-B Warrants and the Indenture, and waivers of past defaults under such instruments and the consequences of such defaults, in certain circumstances without consent of Warrantholders and in other circumstances with the consent of all Warrantholders or a specified percentage of Warrantholders. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and upon all future Holders of this warrant and of any warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

The Holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

As provided in the Indenture and subject to certain limitations therein set forth, this warrant is transferable on the Warrant Register maintained at the Office of the Trustee, upon surrender of this warrant for transfer at the Office of the Trustee, together with all necessary endorsements for transfer, and thereupon one or more new Series 2003-B Warrants of the same Maturity, subseries and interest rate, of any Authorized Denominations and for a like aggregate principal amount, will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, the Series 2003-B Warrants are exchangeable for other Series 2003-B Warrants of the same Maturity, subseries and interest rate, of any Authorized Denominations and of a like aggregate principal amount, as requested by the Holder surrendering the same.

No service charge shall be made for any transfer or exchange hereinbefore referred to, but the County may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The County and the Trustee may treat the person in whose name this warrant is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this warrant is overdue, and neither the County nor the Trustee shall be affected by notice to the contrary.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of the County, and neither any member of the governing body of the County nor any officer executing this warrant shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance of this warrant.



Any terms used herein which are defined in the Indenture shall have the respective meanings set forth in the Indenture.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this warrant do exist, have happened and have been performed in due time, form and manner as required by law.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the County has caused this warrant to be duly executed under its official seal.

JEFFERSON COUNTY, ALABAMA

By \_\_\_\_\_  
President of the County Commission

ATTEST:

\_\_\_\_\_  
Minute Clerk of the County Commission

[ S E A L ]

#### **CERTIFICATE OF AUTHENTICATION**

This is one of the Series 2003-B Warrants referred to in the within-mentioned Indenture.

Date of authentication: \_\_\_\_\_, \_\_\_\_\_.

THE BANK OF NEW YORK,  
as Trustee

By \_\_\_\_\_  
Authorized Officer

### ASSIGNMENT

For value received, \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto \_\_\_\_\_ this warrant and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney to transfer this warrant on the books of the within named County at the office of the within named Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

\_\_\_\_\_  
(Bank or Trust Company)

By \_\_\_\_\_  
(Authorized Officer)

**FORM OF SERIES 2003-B WARRANTS  
IN AUCTION RATE MODE**

No. \_\_\_\_\_

**UNITED STATES OF AMERICA**

**STATE OF ALABAMA**

**JEFFERSON COUNTY**

**SEWER REVENUE REFUNDING WARRANT**

**SERIES 2003-B**

**SUBSERIES DESIGNATION**  
[insert if applicable]

**MATURITY DATE**

**DATE OF INITIAL DELIVERY**

**INTEREST RATE**

February 1, \_\_\_\_\_

Auction Rate

**CUSIP**

472682 \_\_\_\_\_

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (the "County"), for value received, hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to

\_\_\_\_\_,

or registered assigns, upon presentation and surrender hereof, solely out of the revenues hereinafter referred to, the principal sum of

**D O L L A R S**

on the Maturity Date specified above and to pay interest hereon from the date of initial delivery of this warrant, or the most recent date to which interest has been paid or duly provided for, until the principal hereof shall become due and payable at the Auction Rate, as hereinafter provided. Series 2003-B Warrants bearing interest at an interest rate other than the Auction Rate shall be evidenced by a different warrant form containing certain terms and provisions specifically applicable to such warrants (which special terms and provisions are not contained herein).



Interest at the Auction Rate shall be computed on the basis of a 360-day year for the actual number of days elapsed.

Interest shall be payable (but solely out of the revenues hereinafter described) on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the rate of interest last applicable to this warrant when such overdue principal or interest became delinquent.

Interest on this warrant shall be payable in arrears on the following dates (each such date being herein called an "Interest Payment Date"): (i) for an Auction Period of 91 days or less, the Business Day immediately succeeding such Auction Period and (ii) for an Auction Period of more than 91 days, each 13th Friday after the first day of such Auction Period and the Business Day immediately succeeding such Auction Period.

If any Interest Payment Date is not a Business Day, the interest due on such date shall be payable on the next succeeding Business Day with the same effect as if payment was made on such Interest Payment Date.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture hereinafter referred to, be paid to the person in whose name this warrant is registered at the close of business on the Regular Record Date for such interest, which shall be the Business Day next preceding any Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder on such Regular Record Date, and shall be paid to the person in whose name this warrant is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice of such Special Record Date being given to Holders of the Series 2003-B Warrants not less than 10 days prior to such Special Record Date.

Payment of principal, premium (if applicable) and interest on this warrant and payment of the Purchase Price of this warrant due upon mandatory tender shall be made by the applicable method specified in the Indenture. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$1,155,765,000 and designated Sewer Revenue Refunding Warrants, Series 2003-B (the "Series 2003-B Warrants"). The Series 2003-B Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (the "Original Indenture"), between the County and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (the "Second Supplemental Indenture"), by a Third Supplemental Indenture

dated as of March 1, 2001 (the "Third Supplemental Indenture"), by a Fourth Supplemental Indenture dated as of February 1, 2002 (the "Fourth Supplemental Indenture"), by a Fifth Supplemental Indenture dated as of September 1, 2002 (the "Fifth Supplemental Indenture"), by a Sixth Supplemental Indenture dated as of October 1, 2002 (the "Sixth Supplemental Indenture"), by a Seventh Supplemental Indenture dated as of November 1, 2002 (the "Seventh Supplemental Indenture"), by an Eighth Supplemental Indenture dated as of January 1, 2003 (the "Eighth Supplemental Indenture"), and by a Ninth Supplemental Indenture dated as of April 1, 2003 (the "Ninth Supplemental Indenture"). The County has heretofore issued under the Original Indenture, as supplemented and amended by the First, Second, Third, Fourth, Fifth, Sixth, Seventh and Eighth Supplemental Indentures, (i) \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, (ii) \$296,395,000 principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, (iii) \$952,695,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, (iv) \$275,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001, (v) \$110,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-A, dated March 6, 2002, (vi) \$540,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002, (vii) \$839,500,000 principal amount of Sewer Revenue Refunding Warrants, Series 2002-C, dated October 25, 2002, (viii) \$475,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2002-D, dated November 1, 2002, and (ix) \$41,820,000 principal amount Sewer Revenue Refunding Warrant, Series 2003-A, dated January 9, 2003 (all of said warrants which are now outstanding being herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture and the Ninth Supplemental Indenture. Reference is hereby made to the Indenture for a more complete description of the rights of the owners of the Series 2003-B Warrants and of the Trustee and of the County with respect to the County's sanitary sewer system (herein called the "System") and the revenues therefrom, the terms and conditions upon which the Series 2003-B Warrants are issued, and the terms and conditions upon which any Additional Parity Securities may be issued under the Indenture. Each owner of this warrant, by the acceptance hereof, shall be deemed to assent to the provisions of the Indenture. A copy of the Indenture is on file at the Office of the Trustee.

The Trustee will serve as the initial Tender Agent under the Indenture until a successor is appointed in accordance with the terms of the Indenture.

#### **Interest Rate Provisions**

**THE AUCTION PERIOD, THE AUCTION RATE, THE SELECTION OF THE METHOD OF DETERMINING THE RATE AND DATES OF PAYMENT OF INTEREST ON THE SERIES 2003-B WARRANTS BEARING THE AUCTION RATE AND THE AUCTION PROCEDURES RELATED THERETO WILL BE DETERMINED UPON THE**

**TERMS AND CONDITIONS, INCLUDING REQUIRED NOTICES THEREOF TO THE OWNERS, DESCRIBED IN THE INDENTURE, TO WHICH PROVISIONS SPECIFIC REFERENCE IS HEREBY MADE AND ALL OF WHICH PROVISIONS ARE HEREBY SPECIFICALLY INCORPORATED HEREIN BY REFERENCE.**

During any Auction Rate Period, the affected Series 2003-B Warrants shall bear interest at an Auction Rate. The initial Auction Rate for the initial Auction Period for each affected subseries of the Series 2003-B Warrants shall be as set forth in the Indenture. After the expiration of the initial Auction Period for each such subseries of Series 2003-B Warrants, each Auction Period immediately succeeding such initial Auction Period shall be a Standard Auction Period. The Auction Rate for any initial Auction Period immediately after any Change in the Interest Rate Mode to an Auction Rate for an Auction Rate Period, shall be the rate of interest per annum certified to the Trustee by the Remarketing Agent on a date not later than the effective date of such Change in the Interest Rate Mode as the minimum rate of interest which, in the opinion of the Remarketing Agent, would be necessary as of such date to market Auction Rate Warrants in a secondary market transaction at a price equal to the principal amount thereof. For any other Auction Period, the Auction Rate shall be the rate of interest per annum that results from implementation of the Auction Procedures. The Auction Procedures are set forth in Article III of the Ninth Supplemental Indenture.

Series 2003-B Warrants may also bear interest to but not including the Fixed Rate Conversion Date at one of the following interest rates (each, an "Adjustable Rate") at the times and in the manner set forth in the Indenture: a Commercial Paper Rate, a Daily Rate, a Weekly Rate or a Term Rate.

**Conversion of Interest Rate Modes**

Prior to the Fixed Rate Conversion Date, all or any portion of Series 2003-B Warrants shall cease to bear interest at the Adjustable Rate then borne by such warrants and shall bear interest at such different Adjustable Rate as shall be specified by the County, or, if so specified by the County, the interest rate applicable to all Series 2003-B Warrants may be converted to a Fixed Rate specified in accordance with the terms and subject to the conditions set forth in the Ninth Supplemental Indenture.

If any condition to the establishment of a different Adjustable Rate or Rates is not met on any date, then the mandatory tender that is scheduled to occur in connection with such conversion shall not take place, and this Series 2003-B Warrant shall continue to bear interest at the Adjustable Rate then borne by this Series 2003-B Warrant and be subject to all provisions of the Indenture applicable thereto while this Series 2003-B Warrant bears interest at such Adjustable Rate.

**Fixed Rate**

On a Fixed Rate Conversion Date, the affected Series 2003-B Warrants shall cease to bear interest at the Adjustable Rate then borne by such Series 2003-B Warrants and shall bear interest at the Fixed Rate until maturity, upon the election by the County, to exercise its Option to Convert (as